



Oregon

Housing and Community Services

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To: State Housing Council
Multifamily Housing Finance Partners

From: Julie Cody

Re: Update on Schedule and Deliverables for 2013 Multi-Family Funding Cycles

The purpose of this memo is to update the State Housing Council (SHC) and other interested parties on the production of the 2013 Qualified Allocation Plan (QAP) and Notices of Funds Availability (NOFA) in anticipation of the SHC review of these materials and subsequent vote on the proposed QAP at its May 17, 2013 meeting. This memo provides an update on:

1. Schedule
2. QAP (including disposition of public comments received)
3. Scoring
4. Resource Allocation
5. State Housing Council review role

In short, executive leadership at OHCS is fully confident that the package we will put forward in the coming days will meet our partners' expectations for a fair, responsible, policy-oriented funds offering that reflects the great deal of public input we've received over the past several months.

1. SCHEDULE

OHCS will issue both the LIHTC 9% and HOME NOFA's on **June 17**, leaving adequate time for training, response preparation, and thorough review and scoring. The small project NOFA will be released in September. Details of related steps are provided in the following table.

MILESTONE	TIMING/DEADLINE
Publish Housing Council Materials	May 10, 2013
Housing Council Approval of QAP	May 17, 2013
Governor Approval of QAP	June 1, 2013
Adopt Temporary OARs	June 14, 2013
Publish 9% LIHTC and HOME NOFAs	June 17, 2013
9% LIHTC and HOME NOFA Training	June 17, 2013 thru June 28, 2013
9% LIHTC and HOME Applications Due	August 23, 2013
Threshold and Competitive Scoring	August 26, 2013 thru October 25, 2013



Publish Gap Financing NOFA	September 9, 2013
Gap Financing NOFA Training	September 9, 2013 thru September 20, 2013
9% LIHTC & HOME Reservations Announced	November 1, 2013 Housing Council Action
Gap Financing NOFA Applications Due	November 8, 2013
Scoring of Gap Funding Applications	November 12, 2013 thru January 10, 2013
Gap Financing Reservations Announced	February 7, 2013 Housing Council Action

It should be noted that preliminary drafts of the NOFA itself will not be released prior to the official publication date. Because the time for a public procurement through the NOFA instrument is drawing near, drafts of this document will not be publicly vetted. OHCS believes, in good faith, that the substantive material of high interest to developers and their partners can be found in the other documents that will be released as part of SHC review and approval.

2. QUALIFIED ALLOCATION PLAN (QAP)

The Qualified Allocation Plan (QAP) has been completely rewritten, mostly to streamline it but, also to incorporate the numerous comments OHCS received from the development community. Partners will see that it more closely aligns with IRS requirements than in past years. Matters not required to be published in the QAP, such as underwriting, program rules, documentation requirements, etc. will now be articulated in accompanying policy and program manuals. And because much of the language that will now appear in supporting manuals had been in the QAP, OHCS received public input on those matters. That input has largely been incorporated, and where it has not, the department will provide its rationale.

There is a technical step with this shift from QAP to supporting documents, which should be noted. OHCS' general counsel advises that the substantive nature of the policy and program manuals is such that this should be treated as "rule-making." Accordingly, OHCS intends to adopt "temporary rules" in June that will include cites to applicable policy and program manuals making them part of the rules themselves. The temporary rules will be made public as soon as they are completed, which is anticipated in late May/early June. This allows OHCS to proceed with the NOFA issuance in June without waiting for additional comment periods. Executive leadership is confident that the companion documents to the temporary rules will substantially reflect the good input of partners, even if some additional clarifications would be beneficial. Within six months, a formal rule-making process will need to be undertaken, and in that time frame, additional public input will be gathered that can focus on these aspects of OHCS multifamily financing. The formal rule-making process will include a public hearing and structured comment period.

Historically, OHCS has not gathered public input or conducted much in the way of community engagement about many of these matters. The department's requirements were articulated in a variety of places, including the CFC applications, QAP, and internal manuals or guides. Having them all in one place will ensure stronger consistency, and stay true to the department's commitment to transparency.

3. SCORING METHODOLOGY

THE QAP includes required references to selection criteria; the full LIHTC NOFA and application will spell out the manner in which OHCS will award points for *need* and for *community impact*. This aspect of the new competitive funding process has been challenging, and the department respects the fact that a more subjective selection criteria than used in past years will pose certain challenges for its development partners around predictability. However, based on the numerous discussion forums held on these matters, leadership of OHCS is confident that the final scoring methodology will result in good decisions and projects that drive outcomes and address pressing needs.

An excerpt from the final scoring methodology document is here:

The State of Oregon is committed to investing taxpayers' dollars in a way that makes best use of the funds considering all benefits to the community. It is also committed to ensuring that resources are invested in a way that is geographically equitable, and responsive to the diversity of low-income housing needs around the state.

The scoring criteria are designed to measure the nature and extent of the need in the applicant's community for the project and the overall impact to the community. A total of 100 maximum points is possible, weighted 30 points to Need for Project, and 70 points to Community Impact, with a minimum of 75 points as a threshold. Both quantitative and qualitative factors are considered in the scoring. In its process the PRT will rank projects within regions after evaluating each project as follows:

The competitive scoring criteria will be reviewed by SHC at its May 17 meeting; and therefore, will be released when those meeting materials are made public, May 10.

4. RESOURCE ALLOCATION

Below is the final resource allocation by NOFA. Note that the smaller resources are not allocated geographically as was previously contemplated because the remaining resources, are in support of that mission, or too small to allocate geographically. Rather, the focus for geographic equity will only apply to 9% LIHTCs. The way in which the supplementary resources will be allocated will mirror the way in which resources were allocated historically.

A. 9% LIHTC NOFA AVAILABLE FUNDING SOURCES

REGION	Central	Eastern	Metro	Southern	Valley/N. Coast	Total
9% LIHTC	\$ 523,600 6.80% \$ 870,000 Floor	\$ 284,900 3.70% \$ 870,000 Floor	\$3,472,700 45.10%	\$ 954,800 12.40%	\$2,464,000 32.00%	\$8,631,500
HOME						\$750,000
GHAP						\$2,000,000
OAHTC						\$15,000,000
HELP						\$150,000
LIWP						\$1,000,000
					TOTAL	\$27,531,500

All other resources besides the 9% LIHTCs will be utilized based on the need to support the reservation of 9% LIHTCs, keeping in mind the following:

- \$200,000 cap for GHAP funds when combined with 9% LIHTCs
- \$1.8 million per project cap with respect to OAHTCs

The department will request that sponsors maximize usage of 9% LIHTCs before requesting additional resources, which is a change from recent years.

B. HOME NOFA AVAILABLE FUNDING SOURCES

<i>BALANCE OF STATE</i>	HOME	GHAP	HELP	LIWP	TOTAL
TOTAL	\$1,261,072	\$1,500,000	\$ 50,000	\$ 150,000	\$3,061,072

These funds will be available to the balance of state areas and will not be available to participating jurisdictions. Note also that OHCS is not allocating HOME funds by Region, given the relatively small amount of funding available.

All other resources besides the HOME funds will be utilized based on the need to support the reservation of HOME dollars, recognizing that there is a \$500,000 cap for GHAP funds when combined with other OHCS resources.

C. GAP FINANCING NOFA AVAILABLE FUNDING SOURCES

STATEWIDE	GHAP
TOTAL	\$2,000,000

These funds will be available on a statewide basis for projects needing some gap financing to ensure financial feasibility. Note also, that OHCS is not allocating GHAP funds by Region, given the relatively small amount of funding available. Awards under this NOFA will be capped at \$500,000 per project.

5. HOUSING COUNCIL REVIEW

The SHC has been specifically charged with review and approval of the QAP before the Governor is asked to sign and submit it to the IRS. This anticipated action on May 17 is part of the critical path for delivering on a June 17 NOFA publication date. And while SHC technically does not need to vote on approval of the scoring methodology or the program manual, those supporting documents are understood to be so fundamental to the overall viability of the QAP, executive leadership intends to present them together as a package. Items that will be published for SHC review and discussion are:

- a. QAP
- b. Public Comment Matrix
- c. LIHTC Program Manual
- d. Competitive Scoring Methodology

The process of redesigning the multifamily funding system has been challenging on many levels, and the support and true engagement of OHCS's many partners has been invaluable. The department and its leadership feel strongly that the outcomes from this effort will be well worth the investment of time all have made. Additional refinements may certainly be made based on lessons learned from the 2013 process, but the affordable housing community can take pride in working towards a stronger overall system that will facilitate even better developments going forward.